



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0238	Title:	Repeal termination date for coal tax trust-funded economic development programs
Primary Sponsor:	Brueggeman, John	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$6,065,000	\$6,065,000	\$6,065,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>(\$6,065,000)</u>	<u>(\$6,065,000)</u>	<u>(\$6,065,000)</u>

Description of fiscal impact: This bill will continue a statutory appropriation for economic development programs enacted in 2000. The funding for these initiatives comes from Coal Tax Interest that would go to the general fund otherwise.

FISCAL ANALYSIS

Assumptions:

Department of Commerce (DOC):

1. SB 238 removes the June 30, 2010 sunset provisions for funding the programs enumerated in (Temporary) 15-35-108(8)(b), MCA. Programs include the Cooperative Development Center, the Growth Through Agriculture program, Research and Commercialization, Small Business Development Centers, Small Business Innovation Research, Certified Regional Development Corporations, Montana Manufacturing Extension Center, and Export Trade Enhancement.
2. The DOC annual allocation under current law is \$4,750,000.
3. The allocation of funding to each of the economic development programs listed in assumption 1 is as follows:

Program	Current Funding
Cooperative Development Centers	\$ 65,000
Growth Through Agriculture Program	\$ 1,250,000
Department of Agriculture Programs:	\$ 1,315,000
Research and Commercialization	\$ 3,650,000
Small Business Development Center	\$ 125,000
Small Business Innovation Research	\$ 50,000
Certified Regional Development Corporations	\$ 425,000
Montana Manufacturing Extension Center	\$ 200,000
Export Trade Enhancement	\$ 300,000
Department of Commerce Programs:	\$ 4,750,000

Department of Agriculture (DOA)

4. The Growth Through Agriculture (GTA) program provided for in Title 90, Chapter 9, and the Montana Cooperative Development Center (MCDC) will continue to receive funding from the coal severance tax permanent fund interest income. Funding will be through a statutory appropriation from the general fund annually.
5. The GTA program will continue to receive \$1.25 million annually and the MCDC will continue to receive \$65,000 annually.
6. Personal services include 3.00 FTE business development specialists and 1.00 FTE marketing technician. Personal services are adjusted by an inflation factor of 2.5% each year.
7. Operating expenses include \$65,000 for distribution to the MCDC and loans to agricultural producers. The MCDC distribution remains fixed each year. The balance in operating expenses is adjusted by an inflation factor of 2.5% each year.
- 8.

17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The fund or use requires an appropriation.	X	
b. The money is not from a continuing, reliable, and estimable source.		X
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		X
d. The authority does not exist elsewhere.	X	
e. An alternative appropriation method is not available, practical, or effective.		X
f. Other than for emergency purposes, it does not appropriate money from the state general fund.		X
g. The money is dedicated for a specific use.	X	
h. The legislature wishes the activity to be funded on a continual basis.	X	
i. When feasible, an expenditure cap and sunset date are included.		X

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Department of Commerce				
<u>Fiscal Impact:</u>				
FTE	0.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$0	\$217,436	\$212,184	\$212,184
Operating Expenses	\$0	\$457,564	\$462,816	\$462,816
Grants	\$0	\$425,000	\$425,000	\$425,000
Transfers	\$0	\$3,650,000	\$3,650,000	\$3,650,000
TOTAL Expenditures	\$0	\$4,750,000	\$4,750,000	\$4,750,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$4,750,000	\$4,750,000	\$4,750,000
Department of Agriculture				
<u>Fiscal Impact:</u>				
FTE	0.00	4.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$0	\$287,239	\$294,420	\$301,780
Operating Expenses	\$0	\$202,526	\$205,964	\$209,488
Transfers	\$0	\$825,235	\$814,616	\$803,732
TOTAL Expenditures	\$0	\$1,315,000	\$1,315,000	\$1,315,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$1,315,000	\$1,315,000	\$1,315,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	(\$6,065,000)	(\$6,065,000)	\$4,750,000

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date